

INTRODUCTION

I am Earl Dotson, CEO of Environmental Management Solutions, LLC (EMS,LLC). On behalf of the National Pork Producers Council (NPPC), I would like to thank you for inviting us to participate in this important meeting.

Environmental Management Solutions is a Limited Liability Company owned entirely by the National Pork Producers Council. It was formed to allow the pork industry's environmental programs to be used not only with pork but with other livestock industries. Currently EMS, LLC is working with Pork, Dairy, Poultry and Beef Feedlots. Our business consists of conducting environmental assessments and audits, the development, implementation, and documentation of Comprehensive Nutrient Management Plans, environmental consulting, and developing environmental education programs. In the past three years we have conducted over 3700 environmental assessments on livestock farms for Americas Clean Water Foundation. We have developed an extensive database to house the aggregate data resulting from these assessments.

For many years now, odor control and water quality protection have been priority issues for the pork industry. For over a year now, the Pork Industry has been working with two different groups on carbon related projects and issues. One group wants to establish protocols for agricultural carbon credits and market them. The other group wants to finance digesters – farm sized power plants fueled by biogas from livestock operations. This group seeks to sell carbon entitlements, acid rain credits, water quality credits, and

green power. Both groups are working with EMS, LLC to use our contacts, expertise and our system to collect carbon information and verify that information.

In our experience with actions to reduce greenhouse gas emissions on farms, it obvious to us that there is a definite need for clear guidelines for reporting on agricultural practices. Clear accounting and reporting guidelines will make it easier to register actions on agricultural lands. Measurements systems will make greenhouse gas projects more attractive to investors, and also provide information to individual landowners to improve the management of carbon and other greenhouse gases in the context of their management objectives.

GENERAL COMMENTS REGARDING THE BACKGROUND PAPER FOR AGRICULTURAL GREENHOUSE GAS ACTIVITIES

NPPC, EMS, LLC, and its strategic partners would like to make the following comments regarding the issues raised in the background paper:

1. Entity-wide reporting must be encouraged. That is, each corporation should report on all its activities – no matter where. That type of reporting is needed to set true baselines.
2. The USDA/DOE should focus on 3 or 4 agricultural carbon projects – vs. tackling all practices. Get some pilots going. Show some success and help private business get some trades before expanding.

3. Regarding “methods and baselines”, we think the following:
 1. Protocols approved by the USDA and international registries are the answer to all issues regarding “methods and baselines”. No buyer will be confident without protocols.
 2. Each protocol must be flexible. They need to include default rates and provisions. Replacement activities must be discussed and present.
4. Leakage must be addressed in protocols. The USDA should help estimate leakage for all affected carbon projects. Investor confidence in the carbon project demands such support.
5. Permanency must be addressed also. Our experience shows that permanent carbon easements or leases can work, but only if they don’t encumber the land and only if they don’t restrict how the farmer or entity trades the carbon or the broker he uses.
6. The USDA should consider publishing “safe counts” – that is, formulas for determining carbon rates that are 50% of the eventual expected protocol amount. That way, some “safe” trades could be made.
7. Insurance for carbon credits and projects is absolutely critical. At EMS, LLC our digester group has developed several types and layers of insurance. In

these days buyers (especially utility firms) must have credit worthiness issues answered and a secure/collateralized/insured product, or they won't buy. No matter what or how much the USDA and DOE accomplish with guidelines and reports – without transactional security via insurance, no real agriculture or energy credit market will develop.

8. With regards to verifying emissions, our belief and experience is that each farm, each practice must be verified each year by an on-farm visit. No sampling approach is good enough. No eye-in-the-sky approach, used alone, is good enough.
9. We also believe that until the U.S. adopts a domestic/national carbon regime and trading schema; and until real protocols are constructed, very few trades will be made unless:
 - a. The project can prove that it clearly changed the way a business operated.
 - b. More than just carbon was affected – acid rain credits and water, etc.
 - c. And, the project creates energy and a potential return on investment for the would-be buyer.

CONCLUSION

Our chief goal is to change the way the pork industry does business – in an economical, environmentally safe way.

To date we have:

- Developed protocols for waste management for hog confinement businesses.
- Developed accounting practices for audits and procedure reviews, and completed reports and audits.
- Developed EMS,LLC verification procedures.

Currently we are beginning to work with private entities on the following:

- A registry and bank for carbon credits, run by a national accounting firm.
- The bank will be insured against fraud, and double entry or sales. Protocols for the bank are being developed.
- The bank will guarantee CERCs exist and are pooled.
- Insurance to protect the farmer who participates – insured against all enviro hazards and litigation.
- Insurance to protect digesters – and thus efficiency insuring the actual entitlements.
- Financing digesters, securing carbon credits and a new enviro entitlement whose proceeds will fund digesters.

Again, thank you for allowing us to share our opinions and view on this important matter.

